

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 AGR-05 AID-05 CEA-01 CIAE-00
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 OMB-01 USIE-00 NSC-05 SS-15 STR-04 SSO-00
NSCE-00 INRE-00 JUSE-00 FTC-01 /112 W
-----031606Z 110310 /45

O R 031509Z MAY 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6412

INFO USMISSION USUN

USMISSION EC BRUSSELS

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FOR L/EB, STEVE BOND; TREASURY FOR DAYID PRITCHETT;
USUN FOR RICHARD SMITH

E.O. 11652: N/A

TAGS: OECD, CIEC, EINY, E/IN

SUBJECT: CIEC - DIRECT FOREIGN INVESTMENT

1. G-8 TABLED FOLLOWING REVISED PARA 3 AFTERNOON OF
MAY 2. BEGIN TEXT:
3. THE PARTICIPANTS OF CIEC RECOGNIZE THAT, IN
THE EXERCISE OF THEIR SOVEREIGNTY, COUNTRIES ARE ABLE TO
DETERMINE THE CONDITIONS UNDER WHICH FOREIGN PRIVATE
INVESTMENT MAY BE ADMITTED TO PLAY A ROLE IN THE
DEVELOPMENT PROCESS. END TEXT.

2. G-8 ALSO DISTRIBUTED FOLLOWING LANGUAGE ON PARAS 6
AND 7 FOR DISCUSSION MAY 3. BEGIN TEXT:

6. THE PARTICIPATING COUNTRIES RECOGNIZE THAT
FOREIGN INVESTORS, FOR THEIR PART, SHOULD CONTRIBUTE TO
A FAVORABLE INVESTMENT CLIMATE BY:

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A. BEHAVING AS GOOD CORPORATE CITIZENS OF HOST
COUNTRY.

B. RESPECTING THE SOVEREIGNTY AND LAWS OF THE
COUNTRIES HAVING JURISDICTION OVER THEM.

C. TAKING INTO ACCOUNT THE POLICIES, INTERESTS AND
PRIORITIES OF THE HOST COUNTRY.

D. MAKING THEIR OPERATIONS AS TRANSPARENT AS

POSSIBLE.

E. ENDEAVORING TO CONTRIBUTE POSITIVELY TO THE DEVELOPMENT OF THE HOST COUNTRY.

F. ENDEAVORING, IN PARTICULAR, WHERE DESIRED BY THE HOST COUNTRY AND CONSISTENT WITH SOUND COMMERCIAL PRACTICES TO CONTRIBUTE TO EXPAND EXPORTS, CREATE EMPLOYMENT, TRAIN DOMESTIC TECHNICIANS AND MANAGERS, UTILIZE DOMESTIC RAW MATERIALS AND OTHER INPUTS, FINANCE THEIR OPERATIONS WITH FOREIGN RESOURCES, AND APPLY MODERN TECHNOLOGY SUITABLY ADAPTED TO DOMESTIC CONDITIONS.

7. THE PARTICIPATING COUNTRIES HAVE IDENTIFIED THE FOLLOWING COHERENT SET OF PRINCIPLES WHICH CONTRIBUTE, TO THE EXTENT THAT THEY ARE IMPLEMENTED TOGETHER, TO THE CREATION OF A FAVORABLE CLIMATE FOR DIRECT FOREIGN INVESTMENT:

A. TRANSPARENCY, THAT IS, A CLEAR DEFINITION OF NATIONAL POLICIES, LAWS, REGULATIONS, AND ADMINISTRATIVE PRACTICES APPLYING TO DIRECT FOREIGN INVESTMENT.

B. STABILITY OR PREDICTABILITY OF THE ABOVE POLICIES, LAWS, REGULATIONS AND ADMINISTRATIVE PRACTICES OF GOVERNMENTS AND THEIR PERMANENCE. RECOGNITION OF THE RIGHTS AND INTERESTS OF FOREIGN INVESTORS ALREADY ESTABLISHED IN THE COUNTRY IN CASE OF CHANGES IN SUCH RELEVANT POLICIES, LAWS, REGULATIONS, AND ADMINISTRATIVE PRACTICES.

C. FAIR AND EQUITABLE TREATMENT OF FOREIGN INVESTORS CONSISTENT WITH INTERNATIONAL LAW AND NO LESS LIMITED OFFICIAL USE

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FAVORABLE THAN THAT ACCORDED DOMESTIC INVESTORS OR THIRD COUNTRY INVESTORS, WHICHEVER IS THE MORE FAVORABLE. THE RIGHT OF A HOST COUNTRY TO REGULATE THE ENTRY OF FOREIGN INVESTMENT, INCLUDING PROHIBITIONS OR LIMITATIONS ON THE EXTENT OF FOREIGN INVESTMENT IN SPECIFIED SECTORS, REMAINS UNAFFECTED BY THIS OBJECTIVE.

D. TIMELY AND UNRESTRICTED TRANSFER OF THE INCOME FROM INVESTMENT CAPITAL AND PROCEEDS FROM SALES AND LIQUIDATION OR OTHER TERMINATION OF CAPITAL INVESTMENTS, EXCEPT IN SO FAR AS EQUITABLE, NON-DISCRIMINATORY RESTRICTIVE MEASURES OF LIMITED DURATION ARE REQUIRED BY THE EXISTENCE OF EXCEPTIONAL BALANCE OF PAYMENTS DIFFICULTIES.

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NSCE-00 INRE-00 JUSE-00 FTC-01 /112 W
-----031631Z 110316 /42

O R 031509Z MAY 77
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E. PAYMENT OF PROMPT, ADEQUATE AND EFFECTIVE
COMPENSATION IN THE EVENT OF DIRECT OR INDIRECT
DEPRIVATION OF A FOREIGN INVESTOR'S PROPERTY; SUCH
ACTIONS BEING EXCLUSIVELY FOR A PUBLIC PURPOSE, NON-
DISCRIMINATORY AND IN ACCORDANCE WITH DUE PROCESS OF
LAW.

F. PROVISION BY THE HOST COUNTRY OF PROCEDURES FOR
THE IMPARTIAL SETTLEMENT OF DISPUTES WITH FOREIGN
INVESTORS IN ACCORDANCE WITH THE ABOVE PRINCIPLES AND
GENERALLY ACCEPTED PROCEDURAL STANDARDS CONTAINED IN
INTERNATIONAL LAW; DISPUTES WHICH CANNOT OTHERWISE BE
SETTLED WITHIN A REASONABLE PERIOD TO BE RESOLVED BY
RECOURSE TO INTERNATIONAL ARBITRATION. THE IBRD'S
CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES IS
AN IMPORTANT INSTITUTION IN THIS REGARD. END TEXT.

3. G-19 DID NOT ACCEPT NEW PARA 3 LANGUAGE, BUT
PROMISED (AFTER MUCH PRODDING) TO COME UP WITH
ALTERNATIVE. THUS WE MAY YET HAVE AN OPPORTUNITY TO
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USE U.S. DRAFT LANGUAGE. IN ANY EVENT WE ARE A LONG
WAY FROM A FINAL VERSION. DISCUSSION MAY 3 WILL FOCUS

ON WHAT IS NOW PARA 7.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Secure: OPEN
Status: NATIVE
Subject: CIEC - DIRECT FOREIGN INVESTMENT
TAGS: EIND, EINV, OECD, CIEC, G-8
To: STATE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d7d5309b-c288-dd11-92da-001cc4696bcc
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